

# **NONGOMA MUNICIPALITY**

## **KZN265**

### **ADJUSTMENT BUDGET OF NONGOMA MUNICIPALITY**

**2013/14 TO 2015/16**

### **MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

<i>AMR</i>	<i>Automated Meter Reading</i>	<i>LED</i>	<i>Local Economic Development</i>
<i>ASGISA</i>	<i>Accelerated and Shared Growth Initiative</i>	<i>MEC</i>	<i>Member of the Executive Committee</i>
<i>BPC</i>	<i>Budget Planning Committee</i>	<i>MFMA</i>	<i>Municipal Financial Management Act Programme</i>
<i>CFO</i>	<i>Chief Financial Officer</i>	<i>MIG</i>	<i>Municipal Infrastructure Grant</i>
<i>CM</i>	<i>City Manager</i>	<i>MMC</i>	<i>Member of Mayoral Committee</i>
<i>CPI</i>	<i>Consumer Price Index</i>	<i>MPRA</i>	<i>Municipal Properties Rates Act</i>
<i>CRRF</i>	<i>Capital Replacement Reserve Fund</i>	<i>MSA</i>	<i>Municipal Systems Act</i>
<i>DBSA</i>	<i>Development Bank of South Africa</i>	<i>MTEF</i>	<i>Medium-term Expenditure Framework</i>
<i>DoRA</i>	<i>Division of Revenue Act</i>	<i>MTREF</i>	<i>Medium-term Revenue and Expenditure Framework</i>
<i>EE</i>	<i>Employment Equity</i>	<i>NGO</i>	<i>Non-Governmental organisations</i>
<i>EM</i>	<i>Executive Mayor</i>	<i>NKPIs</i>	<i>National Key Performance Indicators</i>
<i>FBS</i>	<i>Free basic services</i>	<i>OHS</i>	<i>Occupational Health and Safety</i>
<i>GAMAP</i>	<i>Generally Accepted Municipal Accounting Practice</i>	<i>OP</i>	<i>Operational Plan</i>
<i>GDP</i>	<i>Gross domestic product</i>	<i>PMS</i>	<i>Performance Management System</i>
<i>GFS</i>	<i>Government Financial Statistics</i>	<i>PPE</i>	<i>Property Plant and Equipment</i>
<i>GRAP</i>	<i>General Recognised Accounting Practice</i>	<i>PTIS</i>	<i>Public Transport Infrastructure System</i>
<i>HR</i>	<i>Human Resources</i>	<i>SALGA</i>	<i>South African Local Government Association</i>
<i>HSRC</i>	<i>Human Science Research Council</i>	<i>SAPS</i>	<i>South African Police Service</i>
<i>IDP</i>	<i>Integrated Development Strategy</i>	<i>SDBIP</i>	<i>Service Delivery Budget Implementation Plan</i>
<i>IT</i>	<i>Information Technology</i>	<i>SMME</i>	<i>Small Micro and Medium Enterprises</i>
<i>KM</i>	<i>Kilometre</i>		
<i>KPA</i>	<i>Key Performance Area</i>		
<i>KPI</i>	<i>Key Performance Indicator</i>		

## **1.1 Mayor's Budget Speech**

Honorable Speaker – Cllr A N Mchunu

Honourable Deputy Mayor – Cllr T B Nyoka

Honourable Members of the Executive Committee

Honourable Councillors

Municipal Manager – Mr. BE Ntanzu

Heads of Department

Ladies and Gentlemen

I am honoured to present to you the revised budget for 2013-2014 financial year today. I am hopeful that you will positively engage this budget with progressive ideas aimed at shaping the future and sustainability of Nongoma Municipality. Allow me Honourable Speaker to remind and inform all those present that this is our third revised budget since we took over the office as the newly elected Council.

In the past years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave. Nongoma Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates; historic expenditure patterns and a general lack of “doing business smarter”.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Nongoma Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains

financially viable and that sustainable municipal services are provided economically and equitably to all communities.

The 2013-2014 adjustment budget has been prepared taking into account the results of the mid-year budget and performance assessment report presented to the council in terms of section 72 of the Municipal Finance Management Act. The report above necessitated that the original annual budget be revised to prioritize the following:

**1. Revised National and Provincial government grant allocations:**

***a. Impact of the revision of grant allocations by national government***

- Neighborhood Development Partnerships grant has been reduced from R26100 000 to R26 000 000
- Integrated National Electrification grant allocation of R8 million withdrawn by transferring authority i.e. DME

***b. Impact of revision of grant allocations by provincial government***

- Sports facilities maintenance grant for R150 000 from the department of Sports and Recreation

Furthermore, Mr Speaker the proposed upper limits of councilors allowances were determined at 5% in terms of the gazette for 2013-14 Upper Limits Notice. The provision for councillor's back pays was made in the original budget at the corresponding 5%, hence no adjustments required if approval is granted by the MEC.

**Tariffs**

The municipality is not allowed to revise tariffs and other municipal charges during the implementation of an approved annual budget. This is a legislative requirement.

Some revenue and expenditure estimates required adjustment due to material under-collection in respect of revenue and expenditure not in line with the expenditure trends in terms of allocated budget per vote.

Mister Speaker, we table several documents to the sitting of Council. We are aware that this is a huge volume but we do it to show transparency on how this budget was arrived at and the benefits to be derived by our community from the municipality's programmes.

Mister Speaker, listed below are the highlights of the 2013/14 revised Budget:

**a) Consolidated adjustment budget**

Details	Budget Year 2013/2014	Revised Budget 2013/14	Budget Year 2014/15	Budget Year 2015/16
Total operating revenue	99 959 258	116 074 470	132 792 897	162 735 943
Total operating expenditure	91 275 100	109 756 666	110 513 478	117 215 347
<b>Operating Surplus/(Deficit)</b>	8 684 158	6 317 804	22 279 419	45 520 596
Add: Total capital expenditure	95 675 000	55 649 870	63 831 000	75 820 000
<b>Total Budget for the year</b>	<b>186 950 100</b>	<b>165 406 536</b>	<b>174 344 478</b>	<b>193 035 347</b>

**b) Detailed operating revenue**

Details	Current year - 2013 / 2014		Medium Term Revenue and Expenditure Framework		
Rands	Original Budget	Revised Budget	Full-Year Forecast	Budget Year 2014/15	Budget Year 2015/16
Property rates	8 410 521	22 082 310	22 082 310	23 407 249	24 811 684
Penalty interest	1 362 514	4 693 124	4 693 124	4 974 711	5 273 194
Service charges	1 655 458	1 508 442	1 508 442	1 589 898	1 675 753
Rentals of facilities	186 336	166 336	166 336	175 319	184 786
Investment revenue	481 853	481 853	481 853	507 873	535 298
Fines	67 156	67 156	67 156	70 888	74 827
Licences & Permits	2 010 000	627 670	627 670	661 564	697 289
Transfers recognized	85 384 000	85 534 000	85 534 000	100 781 000	128 825 000
Other revenue	401 419	913 578	913 578	624 395	658 113
<b>Total revenue</b>	<b>99 959 258</b>	<b>116 074 470</b>	<b>116 074 470</b>	<b>132 792 897</b>	<b>162 735 943</b>

The adjustments were effected on the following revenue categories:

- Property rates
- Penalty interest charges as a result of increased rate assessment
- Rental of facilities
- Licences and permits
- And other revenue

## c) Detailed operating expenditure

Details	Current year - 2013/2014		Medium Term Revenue and Expenditure Framework		
	Original Budget	Revised Budget	Full-Year Forecast	Budget Year 2014/15	Budget Year 2015/16
<b>Financial Performance</b>					
Employee related costs	39 756 741	46 353 967	46 353 967	46 073 564	49 022 272
Remuneration of councillors	10 426 643	10 426 643	10 426 643	10 947 975	11 495 374
Bad debt provision	974 376	1 197 593	1 197 593	1 274 239	1 343 048
Depreciation & impairment	3 478 238	9 969 560	9 969 560	10 596 391	11 159 129
Finance charges	1 125 465	78 038	78 038	83 032	87 516
Materials and bulk purchases	0	0	0	0	0
Contracted services	6 745 198	6 554 467	6 554 467	6 948 102	7 323 300
Transfers and grants	99 196	115 924	115 924	104 553	110 199
Other expenditure	20 265 700	30 073 939	30 073 939	29 185 141	31 095 531
Repairs & maintenance	8 403 542	4 986 534	4 986 534	5 300 481	5 578 978
<b>Total expenditure</b>	<b>91 275 100</b>	<b>109 756 666</b>	<b>104 770 132</b>	<b>110 513 478</b>	<b>117 215 347</b>

The major adjustments have been made on the expenditure categories below:

- Employee related costs increased by R6.5 million
- Depreciation and asset impairment increased by R6.4 million
- Finance cost reduced by R1.0 million
- Other expenditure:
  - ✚ Audit fees increased to R1.5 million
  - ✚ Indigent burial increased to R472 thousand
  - ✚ Public participation increase by R200 thousand
  - ✚ Subsistence & travel increased to R1.9 million
  - ✚ Accommodation costs increased to R1.3 million
  - ✚ Professional fees increased by R4 million to accommodate expenditure already incurred.
  - ✚ New item created for policies, plan and strategies development and review R3.6 million.
- Repairs and maintenance reduced to R4.9 million
- Youth development amounts to R391 thousand

Other items were not revised as adjustments were not necessary.

#### d) Capital Expenditure

The capital budget of the municipality has been revised to R72.8 million compared to the original budget of R95.6 million. The capital projects provided for in the original budget and which are under construction during current budget year have not been revised with the exception of the following:

- Construction of new administration offices – R20 million;
- R6 million for funding of testing centre
- R8 million for funding of electrification projects withheld by NT.
- Cemetery fencing project projected to be R1 million
- Capital assets (Vehicles) totaling to R4.6 million with the exception of the Hon. Mayor's vehicle.
- An application for rollover of funding for two projects namely, Electrification projects and MIG was approved and funding rolled over. This process requires capital budget to be adjusted accordingly to accommodate such expenditure since it was not part of the original budget. It is also the requirement of Municipal Budget and Reporting Regulation.

The summary of a **revised capital expenditure** for current financial period is as follow:

Details	Current year - 2013/2014		Medium Term Revenue and Expenditure Framework		
Rands	Original Budget	Revised Budget	Full-Year Forecast	Budget Year 2014/15	Budget Year 2015/16
MIG projects implementation	27 343 000	27 343 000	27 343 000	29 831 000	31 820 000
MIG rolled over projects	-	7 321 777	7 321 777	-	-
Electrification projects - rollover	8 000 000	9 834 378	9 834 378	20 000 000	20 000 000
NDPG projects Bus & Taxi rank	26 100 000	26 000 000	26 000 000	9 000 000	9 000 000
Municipal pound	500 000	830 000	830 000	-	-
Vehicle purchase	5 322 000	650 000	650 000	-	-
Computer equipments	93 000	236 670	236 670	-	-
Furniture	215 000	285 000	285 000	-	-
Plant and equipment	1 102 000	305 200	305 200	-	-
Fencing	1 000 000	-	-	1 000 000	1 000 000
Municipal offices	20 000 000	-	-	-	10 000 000
Testing centre	6 000 000	-	-	4 000 000	4 000 000
<b>Total expenditure</b>	<b>95 675 000</b>	<b>72 806 025</b>	<b>72 806 025</b>	<b>63 831 000</b>	<b>75 820 000</b>



The municipality has implemented the expanded public works programme for an amount of R1 million as per the National Treasury allocation. The expenditure against this grant is reported accordingly to relevant funders.

We will continue to provide free basic service to poor and indigent households and therefore we urge those households which qualify for indigent and other support to come forward and register for a subsidy.

In conclusion, Mr Speaker, I can without doubt state that the proposed 2013/14 revised budget attempts to support the role of Nongoma Municipality and will definitely contribute to poverty alleviation and improving the lives of the community.

I want to pay special gratitude the Councillors of Nongoma, the Municipal Manager Mr. BE Ntanzi, Chief Financial Officer Mr. M Mthembu, the Heads of Departments and all the staff of Nongoma, for the good work they did in producing this document. It will improve the lives of the people.

I thank you

**Hon Cllr J B Mavundla**  
**Mayor of Nongoma Municipality.**

## **1.2 Council Resolutions**

On 27 February 2014 the Council of the Municipality met in the Council Chambers of Nongoma Municipality to consider the adjustment budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of Nongoma Municipality, acting in terms of section 28 of the Municipal Finance Management Act, (Act 56 of 2003) approves:
  - 1.1. The adjustment budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1. Consolidated budget tables as contained in Table1.
- 1.1.2. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 2 ; and
- 1.1.3. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 5.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
  - 1.2.1. Budgeted Financial Position as contained in Table 6;
  - 1.2.2. Budgeted Cash Flows as contained in Table 7;
  - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 8;
  - 1.2.4. Asset management as contained in Table 9; and
  - 1.2.5. Basic service delivery measurement as contained in Table 10.

## **Adjustment budget tables**

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 revised budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 1: MBRR Table B1 Budget summary**

KZN265 Nongoma - Table B1 Adjustments Budget Summary - 28 February 2014

Description	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
<b>Financial Performance</b>											
Property rates	9 773	-	-	-	-	-	17 002	17 002	26 775	28 382	30 085
Service charges	1 655	-	-	-	-	-	(147)	(147)	1 508	1 590	1 676
Investment revenue	482	-	-	-	-	-	-	-	482	508	535
Transfers recognised - operational	85 384	-	-	-	-	150	-	150	85 534	100 781	128 825
Other own revenue	2 665	-	-	-	-	-	(890)	(890)	1 775	1 532	1 615
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>99 959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>15 965</b>	<b>16 115</b>	<b>116 074</b>	<b>132 793</b>	<b>162 736</b>
Employee costs	39 757	-	-	-	-	-	6 597	6 597	46 354	46 074	49 022
Remuneration of councillors	10 427	-	-	-	-	-	-	-	10 427	10 948	11 495
Depreciation & asset impairment	3 478	-	-	-	-	-	6 491	6 491	9 970	10 596	11 159
Finance charges	1 126	-	-	-	-	-	(1 047)	(1 047)	78	83	88
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants	99	-	-	-	-	-	17	17	116	105	110
Other expenditure	36 389	-	-	-	-	-	6 423	6 423	42 811	42 708	45 341
<b>Total Expenditure</b>	<b>91 275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 481</b>	<b>18 481</b>	<b>109 756</b>	<b>110 513</b>	<b>117 215</b>
<b>Surplus/(Deficit)</b>	<b>8 684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>(2 515)</b>	<b>(2 365)</b>	<b>6 319</b>	<b>22 279</b>	<b>45 521</b>
Transfers recognised - capital	61 443	-	-	-	-	(8 100)	-	(8 100)	53 343	58 831	60 820
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>70 127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 950)</b>	<b>(2 515)</b>	<b>(10 465)</b>	<b>59 662</b>	<b>81 110</b>	<b>106 341</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>70 127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 950)</b>	<b>(2 515)</b>	<b>(10 465)</b>	<b>59 662</b>	<b>81 110</b>	<b>106 341</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	<b>95 675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 057</b>	<b>(31 926)</b>	<b>(22 869)</b>	<b>72 806</b>	<b>63 831</b>	<b>75 820</b>
Transfers recognised - capital	61 443	-	-	-	-	(8 100)	-	(8 100)	53 343	58 831	60 820
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	30 672	-	-	-	-	-	(30 672)	(30 672)	-	4 000	14 000
Internally generated funds	3 560	-	-	-	-	-	15 903	15 903	19 463	1 000	1 000
<b>Total sources of capital funds</b>	<b>95 675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8 100)</b>	<b>(14 769)</b>	<b>(22 869)</b>	<b>72 806</b>	<b>63 831</b>	<b>75 820</b>
<b>Financial position</b>											
Total current assets	12 527	-	-	-	-	-	14 996	14 996	27 523	50 106	84 684
Total non current assets	324 224	-	-	-	-	(36 936)	(16 904)	(53 841)	270 383	323 618	388 279
Total current liabilities	17 609	-	-	-	-	-	7 534	7 534	25 143	25 027	26 398
Total non current liabilities	39 441	-	-	-	-	-	(35 622)	(35 622)	3 819	6 531	18 831
<b>Community wealth/Equity</b>	<b>279 701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10 756)</b>	<b>(10 756)</b>	<b>268 945</b>	<b>342 166</b>	<b>427 734</b>
<b>Cash flows</b>											
Net cash from (used) operating	72 078	-	-	-	-	(7 950)	1 426	(6 524)	65 555	80 695	90 374
Net cash from (used) investing	(95 675)	-	-	-	-	-	40 025	40 025	(55 650)	(63 831)	(75 820)
Net cash from (used) financing	28 400	-	-	-	-	-	(28 660)	(28 660)	(260)	3 195	12 739
<b>Cash/cash equivalents at the year end</b>	<b>5 589</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 950)</b>	<b>12 791</b>	<b>4 841</b>	<b>10 430</b>	<b>30 488</b>	<b>57 781</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	5 966	-	-	-	-	-	4 464	4 464	10 430	30 488	57 781
Application of cash and investments	6 837	-	-	-	-	-	3 232	3 232	10 069	5 915	4 133
<b>Balance - surplus (shortfall)</b>	<b>(871)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 232</b>	<b>1 232</b>	<b>361</b>	<b>24 573</b>	<b>53 648</b>
<b>Asset Management</b>											
Asset register summary (WDV)	95 675	-	-	-	-	(8 100)	(14 769)	(22 869)	72 806	63 831	75 820
Depreciation & asset impairment	3 478	-	-	-	-	-	6 491	6 491	9 970	10 596	11 159
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	8 404	-	-	-	-	-	(3 417)	(3 417)	4 987	5 300	5 579
<b>Free services</b>											
Cost of Free Basic Services provided	99	-	-	-	-	-	17	17	116	105	110
Revenue cost of free services provided	1 101	-	-	-	-	-	-	-	1 101	939	996
<b>Households below minimum service level</b>											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	21	-	-	-	-	-	-	-	21	21	21
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	41	-	-	-	-	-	-	-	41	41	41

## Explanatory notes to Table B1 - Budget Summary

1. Table B1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation (Table B8) shows that in previous financial years many of the municipal obligations were not cash-backed. This placed the municipality in a very vulnerable financial position, as the revenue collections were at a low level. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.

The following table is a summary of the 2012/13 revised MTREF (classified by main revenue and expenditure source):

**Table 1: MBRR Table B4 Summary of revenue classified by main revenue and expenditure sources**

KZN265 Nongoma - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28 February 2014

Description	Budget Year 2013/14										Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H			
<b>Revenue By Source</b>												
Property rates	8 411	-	-	-	-	-	13 672	13 672	22 082	23 407	24 812	
Property rates - penalties & collection charges	1 363	-	-	-	-	-	3 331	3 331	4 693	4 975	5 273	
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	1 655	-	-	-	-	-	(147)	(147)	1 508	1 590	1 676	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	186	-	-	-	-	-	(20)	(20)	166	175	185	
Interest earned - external investments	482	-	-	-	-	-	-	-	482	508	535	
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	
Fines	67	-	-	-	-	-	-	-	67	71	75	
Licences and permits	2 010	-	-	-	-	-	(1 382)	(1 382)	628	662	697	
Agency services	-	-	-	-	-	-	-	-	-	-	-	
Transfers recognised - operating	85 384	-	-	-	-	150	-	150	85 534	100 781	128 825	
Other revenue	401	-	-	-	-	-	512	512	914	624	658	
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>99 959</b>					<b>150</b>	<b>15 965</b>	<b>16 115</b>	<b>116 074</b>	<b>132 793</b>	<b>162 736</b>	
<b>Expenditure By Type</b>												
Employee related costs	39 757	-	-	-	-	-	6 597	6 597	46 354	46 074	49 022	
Remuneration of councillors	10 427	-	-	-	-	-	-	-	10 427	10 948	11 495	
Debt impairment	974	-	-	-	-	-	223	223	1 198	1 274	1 343	
Depreciation & asset impairment	3 478	-	-	-	-	-	6 491	6 491	9 970	10 596	11 159	
Finance charges	1 126	-	-	-	-	-	(1 047)	(1 047)	78	83	88	
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	
Other materials	-	-	-	-	-	-	-	-	-	-	-	
Contracted services	15 149	-	-	-	-	-	(3 609)	(3 609)	11 540	12 249	12 902	
Transfers and grants	99	-	-	-	-	-	17	17	116	105	110	
Other expenditure	20 266	-	-	-	-	-	9 808	9 808	30 074	29 185	31 096	
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>	<b>91 275</b>						<b>18 481</b>	<b>18 481</b>	<b>109 756</b>	<b>110 513</b>	<b>117 215</b>	
<b>Surplus/(Deficit)</b>	<b>8 684</b>					<b>150</b>	<b>(2 515)</b>	<b>(2 365)</b>	<b>6 319</b>	<b>22 279</b>	<b>45 521</b>	
Transfers recognised - capital	61 443	-	-	-	-	(8 100)	-	(8 100)	53 343	58 831	60 820	
Contributions	-	-	-	-	-	-	-	-	-	-	-	
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) before taxation</b>	<b>70 127</b>					<b>(7 950)</b>	<b>(2 515)</b>	<b>(10 465)</b>	<b>59 662</b>	<b>81 110</b>	<b>106 341</b>	
Taxation	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after taxation</b>	<b>70 127</b>					<b>(7 950)</b>	<b>(2 515)</b>	<b>(10 465)</b>	<b>59 662</b>	<b>81 110</b>	<b>106 341</b>	
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) attributable to municipality</b>	<b>70 127</b>					<b>(7 950)</b>	<b>(2 515)</b>	<b>(10 465)</b>	<b>59 662</b>	<b>81 110</b>	<b>106 341</b>	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/ (Deficit) for the year</b>	<b>70 127</b>					<b>(7 950)</b>	<b>(2 515)</b>	<b>(10 465)</b>	<b>59 662</b>	<b>81 110</b>	<b>106 341</b>	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are disclosed separately from the operating revenue, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue transfers recognised forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 24.5 per cent of the total revenue mix. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Rates revenue increase is attributable from the implementation of the general valuation which came into effect from 1 July 2013. Public works schools previously not rated are now rated and therefore additional revenue generated.

Operating grants and transfers totals R85.5 million in the 2013/14 financial year and increases to R100.7 and R126.8 million in the 2014/15 and 2015/16 respectively.

The budgeted allocation for employee related costs for the 2013/14 financial year totals R46.3 million, which equals 42.2% of the total operating expenditure.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R9.9 million for the 2013/14 financial and equates to 9.0% of the total operating expenditure. Note that the municipality implemented GRAP 17 accounting standard in 2008/09 and brought a range of assets previously not included in the assets register onto the register. This resulted in a significant increase in depreciation relative to previous years.

Finance charges have been reduced R78 thousand which is due to no long-term finance obtained yet as was budgeted.

Transfers and grants consist of budget expenditure for the provision for 50kwv free basic electricity (FBE) to indigent households and amounts to R116 thousand.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 2 Operating Transfers and Grant Receipts**

KZN265 Nongoma - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 28 February 2014

Description	Budget Year 2013/14							Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted 7	Multi-year capital 8	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F		
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	84 700	–	–	–	–	–	84 700	100 063	128 076
Local Government Equitable Share	81 160	–	–	–	–	–	81 160	96 329	124 159
Finance Management	1 650	–	–	–	–	–	1 650	1 800	1 950
Municipal Systems Improvement	890	–	–	–	–	–	890	934	967
Integrated National Electrification Programme	–	–	–	–	–	–	–	–	–
EPWP Incentive	1 000	–	–	–	–	–	1 000	1 000	1 000
<b>Provincial Government:</b>	634	–	–	150	–	150	784	668	699
Provincialisation of Libraries	514	–	–	–	–	–	514	542	567
Municipal Assistance Programme	–	–	–	–	–	–	–	–	–
Community Library Services	120	–	–	–	–	–	120	126	132
Sport and Recreation	–	–	–	150	–	150	150	–	–
<b>District Municipality:</b>	50	–	–	–	–	–	50	50	50
Tourism	50	–	–	–	–	–	50	50	50
<b>Other grant providers:</b>	–	–	–	–	–	–	–	–	–
<b>Total Operating Transfers and Grants</b>	85 384	–	–	150	–	150	85 534	100 781	128 825
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	61 443	–	–	–	(8 100)	(8 100)	53 343	58 831	55 820
Municipal Infrastructure Grant (MIG)	27 343	–	–	–	–	–	27 343	29 831	31 820
Neighbourhood Development Partnership	26 100	–	–	–	(100)	(100)	26 000	9 000	9 000
Integrated National Electrification Programme	8 000	–	–	–	(8 000)	(8 000)	–	20 000	15 000
<b>Provincial Government:</b>	–	–	–	–	–	–	–	–	–
Municipal Pound	–	–	–	–	–	–	–	–	–
<b>District Municipality:</b>	–	–	–	–	–	–	–	–	–
Tourism	–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b>	–	–	–	–	–	–	–	–	–
<b>Total Capital Transfers and Grants</b>	61 443	–	–	–	(8 100)	(8 100)	53 343	58 831	55 820
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	146 827	–	–	150	(8 100)	(7 950)	138 877	159 612	184 645

Operating grants and transfers totals R85.5 million in the 2013/14 financial year and increases to R100.7 and R126.8 million in the 2014/15 and 2015/16 respectively.

**Table 5 Summary of capital expenditure by vote**

KZN265 Nongoma - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28 February 2014

Description	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands	A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote											
Multi-year expenditure to be adjusted											
Vote 1 - Governance and Administration	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Financial Services	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	20 000	-	-	-	-	-	(20 000)	(20 000)	-	-	10 000
Vote 4 - Sport, Recreation and Community Services	500	-	-	-	-	-	330	330	830	-	-
Vote 5 - Economic and Environmental Services	61 443	-	-	-	-	9 057	-	9 057	70 500	58 831	60 820
Vote 6 - Transport and Roads	6 000	-	-	-	-	-	(6 000)	(6 000)	-	4 000	4 000
Vote 7 - Safety and Security	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste Management	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Tourism and Sports	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	87 943	-	-	-	-	9 057	(25 670)	(16 613)	71 330	62 831	74 820
Single-year expenditure to be adjusted											
Vote 1 - Governance and Administration	685	-	-	-	-	-	105	105	790	-	-
Vote 2 - Financial Services	130	-	-	-	-	-	(15)	(15)	115	-	-
Vote 3 - Corporate Services	1 375	-	-	-	-	-	(1 356)	(1 356)	19	-	-
Vote 4 - Sport, Recreation and Community Services	2 883	-	-	-	-	-	(2 770)	(2 770)	113	1 000	1 000
Vote 5 - Economic and Environmental Services	1 607	-	-	-	-	-	(1 493)	(1 493)	114	-	-
Vote 6 - Transport and Roads	520	-	-	-	-	-	(300)	(300)	220	-	-
Vote 7 - Safety and Security	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste Management	532	-	-	-	-	-	(427)	(427)	105	-	-
Vote 9 - Tourism and Sports	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	7 732	-	-	-	-	-	(6 256)	(6 256)	1 476	1 000	1 000
Total Capital Expenditure - Vote	95 675	-	-	-	-	9 057	(31 926)	(22 869)	72 806	63 831	75 820
Capital Expenditure - Standard											
Governance and administration	22 190	-	-	-	-	-	(21 266)	(21 266)	924	-	10 000
Executive and council	685	-	-	-	-	-	105	105	790	-	-
Budget and treasury office	130	-	-	-	-	-	(15)	(15)	115	-	-
Corporate services	21 375	-	-	-	-	-	(21 356)	(21 356)	19	-	10 000
Community and public safety	3 383	-	-	-	-	-	(2 440)	(2 440)	943	1 000	1 000
Community and social services	3 383	-	-	-	-	-	(2 440)	(2 440)	943	1 000	1 000
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	69 570	-	-	-	-	-	1 264	1 264	70 834	62 831	64 820
Planning and development	63 050	-	-	-	-	-	7 564	7 564	70 614	58 831	60 820
Road transport	6 520	-	-	-	-	-	(6 300)	(6 300)	220	4 000	4 000
Environmental protection	-	-	-	-	-	-	-	-	-	-	-
Trading services	532	-	-	-	-	-	(427)	(427)	105	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-
Waste management	532	-	-	-	-	-	(427)	(427)	105	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	95 675	-	-	-	-	-	(22 869)	(22 869)	72 806	63 831	75 820
Funded by:											
National Government	61 443	-	-	-	-	(8 100)	-	(8 100)	53 343	58 831	60 820
Provincial Government	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Total Capital transfers recognised	61 443	-	-	-	-	(8 100)	-	(8 100)	53 343	58 831	60 820
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	30 672	-	-	-	-	-	(30 672)	(30 672)	-	4 000	14 000
Internally generated funds	3 560	-	-	-	-	-	15 903	15 903	19 463	1 000	1 000
Total Capital Funding	95 675	-	-	-	-	(8 100)	(14 769)	(22 869)	72 806	63 831	75 820



**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R71.3 million has been allocated of the total R72.8 million capital budget, which totals 97.9%. This allocation decreases to R62.8 million in 2014/15 and then increases to R74.8 million in 2015/16 owing primarily to the fact that various projects reach completion in 2014/15.
3. The provision made for office accommodation has been adjusted due no funding obtained.
5. The capital programme is funded from national capital grants and internally generated funds from current year surpluses. For 2013/14, capital transfers totals R53.3 million increasing to R58.8 million and R60.8 million in the 2014/15 and 2015/16 financial years respectively. Internally generated funding amount to R2.3 million, R1.0 million for each of the respective financial years of the MTREF.
6. The R17.1million for an approved rollovers was provided for in the 2013/14 capital budget since it was not part of the original budget approved by council.

Table 6 MBRR Table B6 - Budgeted Financial Position

KZN265 Nongoma - Table B6 Adjustments Budget Financial Position - 28 February 2014

Description	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
<b>ASSETS</b>											
<b>Current assets</b>											
Cash	3 818	-	-	-	-	-	5 479	5 479	9 297	28 848	55 605
Call investment deposits	2 148	-	-	-	-	-	(1 015)	(1 015)	1 133	1 641	2 176
Consumer debtors	4 640	-	-	-	-	-	10 423	10 423	15 063	17 588	24 873
Other debtors	1 921	-	-	-	-	-	109	109	2 030	2 030	2 030
Current portion of long-term receivables	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>12 527</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 996</b>	<b>14 996</b>	<b>27 523</b>	<b>50 106</b>	<b>84 684</b>
<b>Non current assets</b>											
Long-term receivables								-	-		
Investments								-	-		
Investment property								-	-		
Investment in Associate								-	-		
Property, plant and equipment	323 982	-	-	-	-	(36 936)	(16 885)	(53 821)	270 161	323 571	388 407
Agricultural								-	-		
Biological								-	-		
Intangible	242	-	-	-	-	-	(20)	(20)	222	47	(128)
Other non-current assets								-	-		
<b>Total non current assets</b>	<b>324 224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36 936)</b>	<b>(16 904)</b>	<b>(53 841)</b>	<b>270 383</b>	<b>323 618</b>	<b>388 279</b>
<b>TOTAL ASSETS</b>	<b>336 751</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36 936)</b>	<b>(1 908)</b>	<b>(38 845)</b>	<b>297 906</b>	<b>373 724</b>	<b>472 963</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft								-	-		
Borrowing	2 272	-	-	-	-	-	(1 990)	(1 990)	282	805	1 261
Consumer deposits								-	-		
Trade and other payables	14 048	-	-	-	-	-	9 758	9 758	23 806	23 167	24 081
Provisions	1 289	-	-	-	-	-	(234)	(234)	1 055	1 055	1 055
<b>Total current liabilities</b>	<b>17 609</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 534</b>	<b>7 534</b>	<b>25 143</b>	<b>25 027</b>	<b>26 398</b>
<b>Non current liabilities</b>											
Borrowing	35 188	-	-	-	-	-	(34 784)	(34 784)	404	3 117	15 417
Provisions	4 253	-	-	-	-	-	(838)	(838)	3 414	3 414	3 414
<b>Total non current liabilities</b>	<b>39 441</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35 622)</b>	<b>(35 622)</b>	<b>3 819</b>	<b>6 531</b>	<b>18 831</b>
<b>TOTAL LIABILITIES</b>	<b>57 049</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28 088)</b>	<b>(28 088)</b>	<b>28 961</b>	<b>31 559</b>	<b>45 229</b>
<b>NET ASSETS</b>	<b>279 701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36 936)</b>	<b>26 180</b>	<b>(10 756)</b>	<b>268 945</b>	<b>342 166</b>	<b>427 734</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)	279 701	-	-	-	-	-	(10 756)	(10 756)	268 945	342 166	427 734
Reserves	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>279 701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10 756)</b>	<b>(10 756)</b>	<b>268 945</b>	<b>342 166</b>	<b>427 734</b>

## Explanatory notes to Table B6 - Budgeted Financial Position

- Table B6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in

order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table B6 is supported by an extensive table of notes (SB2) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.
6. The statement of financial position above reflects that there are prospects that the municipality might recover from financial instability during the last quarter of the budget year. The statement suggests a favorable bank balance of R10.4 million at the end of 2014 financial year.

**Table7 MBRR Table B7 - Budgeted Cash Flow Statement**

KZN265 Nongoma - Table B7 Adjustments Budget Cash Flows - 28 February 2014

Description	Budget Year 2013/14										Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
	A	A1	B	C	D	E	F	G	H			
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other	15 491	-	-	-	-	-	8 666	8 666	24 157	27 705	24 748	
Government - operating	85 384	-	-	-	-	150	-	150	85 534	100 781	128 825	
Government - capital	61 443	-	-	-	-	(8 100)	-	(8 100)	53 343	49 831	46 820	
Interest	482	-	-	-	-	-	-	-	482	508	535	
Dividends	-	-	-	-	-	-	-	-	-	-	-	
Payments												
Suppliers and employees	(89 596)	-	-	-	-	-	(8 287)	(8 287)	(97 883)	(98 047)	(110 466)	
Finance charges	(1 125)	-	-	-	-	-	1 047	1 047	(78)	(83)	(88)	
Transfers and Grants	-	-	-	-	-	-	-	-	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	72 078	-	-	-	-	(7 950)	1 426	(6 524)	65 555	80 695	90 374	
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE								-	-			
Decrease (Increase) in non-current debtors								-	-			
Decrease (increase) other non-current receivables								-	-			
Decrease (increase) in non-current investments								-	-			
Payments												
Capital assets	(95 675)	-	-	-	-	-	40 025	40 025	(55 650)	(63 831)	(75 820)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(95 675)	-	-	-	-	-	40 025	40 025	(55 650)	(63 831)	(75 820)	
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing	30 672	-	-	-	-	-	(30 672)	(30 672)	-	4 000	14 000	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	
Payments												
Repay ment of borrowing	(2 272)	-	-	-	-	-	2 012	2 012	(260)	(805)	(1 261)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	28 400	-	-	-	-	-	(28 660)	(28 660)	(260)	3 195	12 739	
NET INCREASE/ (DECREASE) IN CASH HELD	4 803	-	-	-	-	(7 950)	12 791	4 841	9 644	20 059	27 293	
Cash/cash equivalents at the year begin:	785							-	785	10 430	30 488	
Cash/cash equivalents at the year end:	5 589	-	-	-	-	(7 950)	12 791		10 430	30 488	57 781	

**Explanatory notes to Table B7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The above table shows that cash and cash equivalents of the Municipality reflect a steady positive growth from 2013/14 to 2015/16. For the 2013/14 MTREF the revised budget shows improving levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R10.4 million by 2013/14 and increasing to R30.4 by 2014/15.

**Table 8 MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

KZN265 Nongoma - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28 February 2014

Description	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	5 589	-	-	-	-	(7 950)	12 791	4 841	10 430	30 488	57 781
Other current investments > 90 day s	377	-	-	-	-	7 950	(8 327)	(377)	0	-	0
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>5 966</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 464</b>	<b>4 464</b>	<b>10 430</b>	<b>30 488</b>	<b>57 781</b>
<b>Applications of cash and investments</b>											
Unspent conditional transfers	-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	6 837	-	-	-	-	-	3 232	3 232	10 069	5 915	4 133
Other provisions	-	-	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>6 837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 232</b>	<b>3 232</b>	<b>10 069</b>	<b>5 915</b>	<b>4 133</b>
<b>Surplus(shortfall)</b>	<b>(871)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 232</b>	<b>1 232</b>	<b>361</b>	<b>24 573</b>	<b>53 648</b>

**Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 58 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The adjustment budget for the MTREF 2013/14 to 2015/16 reflects that the budget is sufficiently funded.

Table 9 MBRR Table A9 - Asset Management

KZN265 Nongoma - Table B9 Asset Management - 28 February 2014

Description	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted 7	Accum. Funds 8	Multi-year capital 9	Unfore. Unavoid. 10	Nat. or Prov. Govt 11	Other Adjusts. 12	Total Adjusts. 13	Adjusted Budget 14	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
<b>CAPITAL EXPENDITURE</b>											
<b>Total New Assets to be adjusted</b>	95 675	-	-	-	-	-	(22 869)	(22 869)	72 806	63 831	75 820
Infrastructure - Road transport	62 093	-	-	-	-	-	9 057	9 057	71 150	58 831	60 820
Infrastructure - Electricity	20 000	-	-	-	-	-	(20 000)	(20 000)	-	-	10 000
Infrastructure - Water	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other	500	-	-	-	-	-	330	330	830	-	-
Infrastructure	82 593	-	-	-	-	-	(10 613)	(10 613)	71 980	58 831	70 820
Community	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-
Other assets	13 082	-	-	-	-	-	(12 256)	(12 256)	826	5 000	5 000
Agricultural Assets	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets to be adjusted</b>	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure to be adjusted</b>	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	62 093	-	-	-	-	-	9 057	9 057	71 150	58 831	60 820
Infrastructure - Electricity	20 000	-	-	-	-	-	(20 000)	(20 000)	-	-	10 000
Infrastructure - Water	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other	500	-	-	-	-	-	330	330	830	-	-
Infrastructure	82 593	-	-	-	-	-	(10 613)	(10 613)	71 980	58 831	70 820
Community	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-
Other assets	13 082	-	-	-	-	-	(12 256)	(12 256)	826	5 000	5 000
Agricultural Assets	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	95 675	-	-	-	-	-	(22 869)	(22 869)	72 806	63 831	75 820
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>											
Infrastructure - Road transport	53 443	-	-	-	-	-	-	-	53 443	38 831	40 820
Infrastructure - Electricity	8 000	-	-	-	-	(8 100)	-	(8 100)	(100)	20 000	20 000
Infrastructure - Water	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other	500	-	-	-	-	-	330	330	830	-	-
Infrastructure	61 943	-	-	-	-	(8 100)	330	(7 770)	54 173	58 831	60 820
Community	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-
Other assets	33 732	-	-	-	-	-	(15 099)	(15 099)	18 633	5 000	15 000
Intangibles	-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	95 675	-	-	-	-	(8 100)	(14 769)	(22 869)	72 806	63 831	75 820
<b>EXPENDITURE OTHER ITEMS</b>											
<b>Depreciation &amp; asset impairment</b>	3 478	-	-	-	-	-	6 491	6 491	9 970	10 596	11 159
<b>Repairs and Maintenance by asset class</b>	8 404	-	-	-	-	-	(3 417)	(3 417)	4 987	5 300	5 579
Infrastructure - Road transport	2 744	-	-	-	-	-	(770)	(770)	1 974	2 100	2 214
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	2 744	-	-	-	-	-	(770)	(770)	1 974	2 100	2 214
Community	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-
Other assets	5 659	-	-	-	-	-	(2 647)	(2 647)	3 012	3 200	3 365
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>	11 882	-	-	-	-	-	3 074	3 074	14 956	15 897	16 738
<b>% of capital exp on renewal of assets</b>	0.0%	0.0%							0.0%	0.0%	0.0%
<b>Renewal of existing assets as % of deprecn</b>	0.0%	0.0%							0.0%	0.0%	0.0%
<b>R&amp;M as a % of PPE</b>	8.8%	0.0%							6.8%	8.3%	7.4%
<b>Renewal and R&amp;M as a % of PPE</b>	8.8%	0.0%							6.8%	8.3%	7.4%

**Explanatory notes to Table B9 - Asset Management**

1. Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The budget for renewal of capital assets is lower than National Treasury requirement of 40% at 0.0% of capital budget. The municipality does not have major assets that need to be renewed. The MIG and NDPG capital projects that are being undertaken at this stage are fairly new and will probably not be renewed during the current MTREF. It is for the same reason that the budget for repairs and maintenance is below 8% of the net asset value of the municipality's property, plant and equipment.

Table 10 MBRR Table B10 - Basic Service Delivery Measurement

KZN265 Nongoma - Table B10 Basic service delivery measurement - 28 February 2014

KZN2023 Rongoma - Table B10 Basic service delivery measurement - 28 February 2014											Budget Year +1 2014/15	Budget Year +2 2015/16
Description	Budget Year 2013/14											
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
	A	A1	B	C	D	E	F	G	H			
<b>Household service targets</b>												
<b>Water:</b>												
Piped water inside dwelling	1100	0	0	0	0	0	0	–	1	1100	1100	
Piped water inside yard (but not in dwelling)	2456	0	0	0	0	0	0	–	2	2456	2456	
Using public tap (at least min.service level)	5280	0	0	0	0	0	0	–	5	5280	5280	
Other water supply (at least min.service level)	33315	0	0	0	0	0	0	–	33	33	33	
Minimum Service Level and Above sub-total	42	–	–	–	–	–	–	–	42	42	42	
Using public tap (< min.service level)								–				
Other water supply (< min.service level)								–				
No water supply								–				
Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–	–	–	
Total number of households	42	–	–	–	–	–	–	–	42	42	42	
<b>Sanitation/sewerage:</b>												
Flush toilet (connected to sewerage)	542	0	0	0	0	0	0	–	542	542	542	
Flush toilet (with septic tank)	227	0	0	0	0	0	0	–	227	227	227	
Chemical toilet	11056	0	0	0	0	0	0	–	11 056	11056	11056	
Pit toilet (ventilated)	9582	0	0	0	0	0	0	–	9 582	9582	9582	
Other toilet provisions (> min.service level)								–				
Minimum Service Level and Above sub-total	21 407	–	–	–	–	–	–	–	21 407	21 407	21 407	
Bucket toilet	135	0	0	0	0	0	0	–	135	135	135	
Other toilet provisions (< min.service level)								–				
No toilet provisions	21353	0	0	0	0	0	0	–	21 353	21353	21353	
Below Minimum Service Level sub-total	21 488	–	–	–	–	–	–	–	21 488	21 488	21 488	
Total number of households	42 895	–	–	–	–	–	–	–	42 895	42 895	42 895	
<b>Energy:</b>												
Electricity (at least min. service level)	9148	0	0	0	0	0	0	–	9 148	9148	9148	
Electricity - prepaid (> min.service level)	9298	0	0	0	0	0	0	–	9 298	9298	9298	
Minimum Service Level and Above sub-total	18 446	–	–	–	–	–	–	–	18 446	18 446	18 446	
Electricity (< min.service level)								–				
Electricity - prepaid (< min. service level)								–				
Other energy sources								–				
Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–	–	–	
Total number of households	18 446	–	–	–	–	–	–	–	18 446	18 446	18 446	
<b>Refuse:</b>												
Removed at least once a week (min.service)								–				
Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–	–	–	
Removed less frequently than once a week	340	0	0	0	0	0	0	–	340	340	340	
Using communal refuse dump								–				
Using own refuse dump	36956	0	0	0	0	0	0	–	36 956	36956	36956	
Other rubbish disposal	3303	0	0	0	0	0	0	–	3 303	3303	3303	
No rubbish disposal	372	0	0	0	0	0	0	–	372	372	372	
Below Minimum Service Level sub-total	40 971	–	–	–	–	–	–	–	40 971	40 971	40 971	
Total number of households	40 971	–	–	–	–	–	–	–	40 971	40 971	40 971	
<b>Households receiving Free Basic Service</b>												
Water (6 kilolitres per household per month)								–				
Sanitation (free minimum level service)								–				
Electricity/other energy (50kwh per household per month)	500	0	0	0	0	0	0	–	500	500	500	
Refuse (removed at least once a week)								–				
<b>Cost of Free Basic Services provided (R'000)</b>												
Water (6 kilolitres per household per month)								–				
Sanitation (free sanitation service)								–				
Electricity/other energy (50kwh per household per month)	99	–	–	–	–	–	17	17	116	105	110	
Refuse (removed once a week)								–				
Total cost of FBS provided (minimum social p	99	–	–	–	–	–	17	17	116	105	110	
<b>Highest level of free service provided</b>												
Property rates (R'000 value threshold)	15000	0	0	0	0	0	0	–	15 000	15000	15000	
Water (kilolitres per household per month)								–				
Sanitation (kilolitres per household per month)								–				
Sanitation (Rand per household per month)								–				
Electricity (kw per household per month)	50	0	0	0	0	0	0	–	50	50	50	
Refuse (average litres per week)								–				
<b>Revenue cost of free services provided (R'000)</b>												
Property rates (R15 000 threshold rebate)	162	–	–	–	–	–	–	–	162	162	162	
Property rates (other exemptions, reductions and	939	–	–	–	–	–	–	–	939	777	834	
Water								–				
Sanitation								–				
Electricity/other energy								–				
Refuse								–				
Municipal Housing - rental rebates								–				
Housing - top structure subsidies								–				
Other								–				
Total revenue cost of free services provided (to	1 101	–	–	–	–	–	–	–	1 101	939	996	



**Explanatory notes to Table B10 - Basic Service Delivery Measurement**

1. Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality has a huge backlog of basic services delivery. The services such as water, and sanitation are the responsibility of the Zululand District Municipality whilst ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma. The current situation is as follows:

- **Water**

The table above indicates that in terms of piped water, households receiving it within their dwelling has increased from 1.9% in 2001, to 2.6% in 2007, while inside the yard has increased from 4.1% (2001) to 5.8% (2007). Piped water from an access point outside the yard has, however, decreased from 24.4% to 12.5%.

Currently water is supplied to the municipality from the VUNA dam which is severely silted up and it is estimated to have lost 75% of its storage capacity.

- **Sanitation**

The Community Survey data indicates that flush toilets connected to a sewerage system have decreased from 5.0% in 2001 to 1.2% in 2007, while chemical toilets have increased from 8.4% in 2001 to 22.1% on 2007. It is also noted that VIP toilets have increased from 10.1% in 2001 to 22.1% in 2007. The number of people who indicated that they have no form of toilet also decreased from 56.8% in 2001 to 46.3% in 2007.

- **Electricity**

ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma and the existing bulk supply is being upgraded to meet the existing and future demands of Nongoma town and the surrounding areas. The municipality area is covered by metered electricity supply whilst those areas in the former Tribal Areas are served with pre-paid electricity supply as well as metered electricity supply in selected areas.

- **Refuse**

There are no formal refuse removal services or refuse dumps in the rural areas of Nongoma. There is a landfill site in Nongoma Town is almost full. However, it should be noted that in the town this function is being investigated with a view to realising greater efficiencies.

3. It is anticipated that these Free Basic Services will cost the municipality R116 000 in 2013/14. The reason for the low figures is that the indigent register is incomplete and the picture might change when the community concerned come forward to register for free basic services. The provision of free basic electricity is covered by the municipality's equitable share allocation from national government.

# Supporting Documentation

Table SB1

KZN265 Nongoma - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' - 28 February 2014

Description	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted 6	Accum. Funds 7	Multi-year capital 8	Unfore. Unavoid. 9	Nat. or Prov. Govt 10	Other Adjusts. 11	Total Adjusts. 12	Adjusted Budget 13	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
<b>REVENUE ITEMS</b>											
<b>Property rates</b>											
Total Property Rates	9 350						16 226	16 226	25 576	27 111	28 737
less Revenue Foregone	939						2 555	2 555	3 494	3 703	3 926
<b>Net Property Rates</b>	<b>8 411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 672</b>	<b>13 672</b>	<b>22 082</b>	<b>23 407</b>	<b>24 812</b>
<b>Service charges - electricity revenue</b>											
Total Service charges - electricity revenue								-	-		
less Revenue Foregone								-	-		
<b>Net Service charges - electricity revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Service charges - water revenue</b>											
Total Service charges - water revenue								-	-		
less Revenue Foregone								-	-		
<b>Net Service charges - water revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue								-	-		
less Revenue Foregone								-	-		
<b>Net Service charges - sanitation revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Service charges - refuse revenue</b>											
Total refuse removal revenue	1 655						(147)	(147)	1 508	1 590	1 676
Total landfill revenue								-	-		
less Revenue Foregone								-	-		
<b>Net Service charges - refuse revenue</b>	<b>1 655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(147)</b>	<b>(147)</b>	<b>1 508</b>	<b>1 590</b>	<b>1 676</b>
<b>Other Revenue By Source</b>											
Fuel levy								-	-		
Other revenue	401						512	512	914	624	658
<b>Total 'Other' Revenue</b>	<b>401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>512</b>	<b>512</b>	<b>914</b>	<b>624</b>	<b>658</b>
<b>EXPENDITURE ITEMS</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	24 692						5 652	5 652	30 344	30 448	32 396
Pension and UIF Contributions	5 811						1 049	1 049	6 860	7 027	7 477
Medical Aid Contributions	869						551	551	1 420	1 388	1 477
Overtime	3 040						(1 013)	(1 013)	2 027	2 144	2 281
Performance Bonus	1 694						265	265	1 959	1 984	2 111
Motor Vehicle Allowance	855						902	902	1 757	1 492	1 588
Cellphone Allowance								-	-		
Housing Allowances	30						17	17	47	32	34
Other benefits and allowances	2 765						(825)	(825)	1 940	1 559	1 659
Payments in lieu of leave								-	-		
Long service awards								-	-		
Post-retirement benefit obligations								-	-		
<b>sub-total</b>	<b>39 757</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 597</b>	<b>6 597</b>	<b>46 354</b>	<b>46 074</b>	<b>49 022</b>
Less: Employees costs capitalised to PPE								-	-		
<b>Total Employee related costs</b>	<b>39 757</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 597</b>	<b>6 597</b>	<b>46 354</b>	<b>46 074</b>	<b>49 022</b>
<b>Contributions recognised - capital</b>											
List contributions by contract								-	-		
								-	-		
<b>Total Contributions recognised - capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment	3 380						6 414	6 414	9 794	10 421	10 984
Lease amortisation	98						77	77	175	175	175
Capital asset impairment								-	-		
Depreciation resulting from revaluation of PPE								-	-		
<b>Total Depreciation &amp; asset impairment</b>	<b>3 478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 491</b>	<b>6 491</b>	<b>9 970</b>	<b>10 596</b>	<b>11 159</b>
<b>Bulk purchases</b>											
Electricity								-	-		
Water								-	-		
<b>Total bulk purchases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contracted services</b>											
List services provided by contract	15 149						(3 609)	(3 609)	11 540	12 249	12 902
								-	-		
<b>sub-total</b>	<b>15 149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 609)</b>	<b>(3 609)</b>	<b>11 540</b>	<b>12 249</b>	<b>12 902</b>
<b>Allocations to organs of state:</b>											
Electricity								-	-		
Water								-	-		
Sanitation								-	-		
Other								-	-		
<b>Total contracted services</b>	<b>15 149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 609)</b>	<b>(3 609)</b>	<b>11 540</b>	<b>12 249</b>	<b>12 902</b>
<b>Other Expenditure By Type</b>											
Repairs and maintenance	-						-	-	-	-	-
Collection costs	517							-	517	-	-
Contributions to 'other' provisions								-	-	-	-
Consultant fees	3 936							-	3 936	-	-
Audit fees	1 082						455	455	1 538	1 636	1 724
General expenses	14 731						9 353	9 353	24 084	27 549	29 371
<b>Total Other Expenditure</b>	<b>20 266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 808</b>	<b>9 808</b>	<b>30 074</b>	<b>29 185</b>	<b>31 096</b>

Table SB2

KZN265 Nongoma - Supporting Table SB2 Supporting detail to 'Financial Position Budget' - 28 February 2014

Description	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget A	Prior Adjusted 4 A1	Accum. Funds 5 B	Multi-year capital 6 C	Unfore. Unavoid. 7 D	Nat. or Prov. Govt 8 E	Other Adjusts. 9 F	Total Adjusts. 10 G	Adjusted Budget 11 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits < 90 days	2 148	-	-	-	-	-	(1 015)	(1 015)	1 133	1 641	2 176
Other current investments > 90 days	-	-	-	-	-	-	-	-	-	-	-
<b>Total Call investment deposits</b>	<b>2 148</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 015)</b>	<b>(1 015)</b>	<b>1 133</b>	<b>1 641</b>	<b>2 176</b>
<b>Consumer debtors</b>											
Consumer debtors	11 488	-	-	-	-	-	11 060	11 060	22 549	26 348	34 976
Less: provision for debt impairment	6 849	-	-	-	-	-	637	637	7 486	8 760	10 103
<b>Total Consumer debtors</b>	<b>4 640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 423</b>	<b>10 423</b>	<b>15 063</b>	<b>17 588</b>	<b>24 873</b>
<b>Debt impairment provision</b>											
Balance at the beginning of the year	5 874	-	-	-	-	-	414	414	6 289	7 486	8 760
Contributions to the provision	974	-	-	-	-	-	223	223	1 198	1 274	1 343
Bad debts written off	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at end of year</b>	<b>6 849</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>637</b>	<b>637</b>	<b>7 486</b>	<b>8 760</b>	<b>10 103</b>
<b>Property, plant &amp; equipment</b>											
PPE at cost/valuation (excl. finance leases)	344 619	-	-	-	-	(36 936)	-	(36 936)	307 682	371 513	447 333
Leases recognised as PPE	-	-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation	20 637	-	-	-	-	-	16 885	16 885	37 521	47 942	58 926
<b>Total Property, plant &amp; equipment</b>	<b>323 982</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36 936)</b>	<b>(16 885)</b>	<b>(53 821)</b>	<b>270 161</b>	<b>323 571</b>	<b>388 407</b>
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities	2 272	-	-	-	-	-	(1 990)	(1 990)	282	805	1 261
<b>Total Current liabilities - Borrowing</b>	<b>2 272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 990)</b>	<b>(1 990)</b>	<b>282</b>	<b>805</b>	<b>1 261</b>
<b>Trade and other payables</b>											
Creditors	14 048	-	-	-	-	-	9 758	9 758	23 806	23 167	24 081
Unspent conditional grants and receipts	-	-	-	-	-	-	-	-	-	-	-
VAT	-	-	-	-	-	-	-	-	-	-	-
<b>Total Trade and other payables</b>	<b>14 048</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 758</b>	<b>9 758</b>	<b>23 806</b>	<b>23 167</b>	<b>24 081</b>
<b>Non current liabilities - Borrowing</b>											
Borrowing	35 188	-	-	-	-	-	(34 784)	(34 784)	404	3 117	15 417
Finance leases (including PPP asset element)	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non current liabilities - Borrowing</b>	<b>35 188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34 784)</b>	<b>(34 784)</b>	<b>404</b>	<b>3 117</b>	<b>15 417</b>
<b>Provisions - non current</b>											
Retirement benefits	2 500	-	-	-	-	-	(542)	(542)	1 958	1 958	1 958
List other major items	-	-	-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation	1 753	-	-	-	-	-	(296)	(296)	1 457	1 457	1 457
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Provisions - non current</b>	<b>4 253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(838)</b>	<b>(838)</b>	<b>3 414</b>	<b>3 414</b>	<b>3 414</b>
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated surplus/(Deficit)</b>											
Accumulated surplus/(Deficit) - opening balance	209 574	-	-	-	-	-	59 371	59 371	268 945	342 166	427 734
Appropriations to Reserves	70 127	-	-	-	-	-	(70 127)	(70 127)	0	-	-
Transfers from Reserves	-	-	-	-	-	-	-	-	-	-	-
Depreciation offsets	-	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
<b>Accumulated Surplus/(Deficit)</b>	<b>279 701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10 756)</b>	<b>(10 756)</b>	<b>268 945</b>	<b>342 166</b>	<b>427 734</b>
<b>Reserves</b>											
Housing Development Fund	-	-	-	-	-	-	-	-	-	-	-
Capital replacement	-	-	-	-	-	-	-	-	-	-	-
Self-insurance	-	-	-	-	-	-	-	-	-	-	-
Other reserves (list)	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-
<b>Total Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>279 701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10 756)</b>	<b>(10 756)</b>	<b>268 945</b>	<b>342 166</b>	<b>427 734</b>



Table SB4

KZN265 Nongoma - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks - 28 February 2014

Financial Performance - Supporting Table 2: Adjustments to Budgeted Performance Indicators and Benchmarks - 2010/2011 to 2014/2015									
Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b><u>Borrowing Management</u></b>									
Credit Rating	Short term/long term rating								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure				3.7%	0.0%	0.3%	0.8%	1.2%
Borrowed funding of 'own n' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants				89.6%	0.0%	0.0%	132.8%	18.5%
<b><u>Safety of Capital</u></b>									
Gearing	Long Term Borrowing/ Funds & Reserves				0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>									
Current Ratio	Current assets/current liabilities				71.1%	0.0%	109.5%	200.2%	320.8%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities				1841.3%	0.0%	0.0%	0.0%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities				0.3	0.0	0.4	1.2	2.2
<b><u>Revenue Management</u></b>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing								
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue				6.6%	0.0%	14.7%	14.8%	16.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Creditors Management</u></b>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))								
Creditors to Cash					251.4%	0.0%	228.3%	76.0%	41.7%
<b><u>Other Indicators</u></b>									
Electricity Distribution Losses (2)	Total Volume Losses (kW)								
	Total Cost of Losses (Rand '000)								
Water Distribution Losses (2)	Total Volume Losses (kℓ)								
	Total Cost of Losses (Rand '000)								
Employee costs	Employee costs/(Total Revenue - capital revenue)				39.8%	0.0%	39.9%	34.7%	30.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)				8.4%	0.0%	4.3%	4.0%	3.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)				4.6%	0.0%	8.7%	8.0%	6.9%
<b><u>IDP regulation financial viability indicators</u></b>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)				1641.0%	0.0%	3438.5%	2373.1%	2513.9%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services				4.6%	0.0%	13.0%	13.2%	15.3%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure				0.1	0.0	0.1	0.4	0.7

Table SB7 Grants transfers receipts

KZN265 Nongoma - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 28 February 2014

Description	Budget Year 2013/14							Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted 7 A1	Multi-year capital 8 B	Nat. or Prov. Govt 9 C	Other Adjusts. 10 D	Total Adjusts. 11 E	Adjusted Budget 12 F	Adjusted Budget	Adjusted Budget
<b>R thousands</b>	<b>A</b>	<b>A1</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>		
<b>RECEIPTS:</b>									
<u><b>Operating Transfers and Grants</b></u>									
<b>National Government:</b>	<b>84 700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84 700</b>	<b>100 063</b>	<b>128 076</b>
Local Government Equitable Share	81 160	-	-	-	-	-	81 160	96 329	124 159
Finance Management	1 650	-	-	-	-	-	1 650	1 800	1 950
Municipal Systems Improvement	890	-	-	-	-	-	890	934	967
Integrated National Electrification Programme	-	-	-	-	-	-	-	-	-
EPWP Incentive	1 000	-	-	-	-	-	1 000	1 000	1 000
<b>Provincial Government:</b>	<b>634</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>150</b>	<b>784</b>	<b>668</b>	<b>699</b>
Provincialisation of Libraries	514	-	-	-	-	-	514	542	567
Municipal Assistance Programme	-	-	-	-	-	-	-	-	-
Community Library Services	120	-	-	-	-	-	120	126	132
Sport and Recreation	-	-	-	150	-	150	150	-	-
<b>District Municipality:</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>50</b>	<b>50</b>
Tourism	50	-	-	-	-	-	50	50	50
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating Transfers and Grants</b>	<b>85 384</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>150</b>	<b>85 534</b>	<b>100 781</b>	<b>128 825</b>
<u><b>Capital Transfers and Grants</b></u>									
<b>National Government:</b>	<b>61 443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8 100)</b>	<b>(8 100)</b>	<b>53 343</b>	<b>58 831</b>	<b>55 820</b>
Municipal Infrastructure Grant (MIG)	27 343	-	-	-	-	-	27 343	29 831	31 820
Neighbourhood Development Partnership	26 100	-	-	-	(100)	(100)	26 000	9 000	9 000
Integrated National Electrification Programme	8 000	-	-	-	(8 000)	(8 000)	-	20 000	15 000
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Municipal Pound	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Tourism	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Transfers and Grants</b>	<b>61 443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8 100)</b>	<b>(8 100)</b>	<b>53 343</b>	<b>58 831</b>	<b>55 820</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>146 827</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>(8 100)</b>	<b>(7 950)</b>	<b>138 877</b>	<b>159 612</b>	<b>184 645</b>

## **Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **1. In year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) is progressively improving.

### **2. Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed the second group of five interns undergoing training in various divisions of the Financial Services Department. Some of them are promising. The municipality may consider absorbing them on permanent basis.

### **3. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **4. Annual Report**

The draft annual report was tabled on the 23<sup>rd</sup> January 2014 and is now at the finalization stage. The final report will be tabled before end of March 2013.



### **Municipal manager's quality certificate**

I Mr. BE Ntanzi, Municipal Manager of Nongoma Municipality, hereby certify that the adjustment budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustment budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

BE Ntanzi

**Municipal Manager of Nongoma Municipality (KZN265)**

Signature \_\_\_\_\_

Date : 24 February 2014